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Marketing quotas on the 1954 wheat crop are likely to reduce production, but supplies for 1954-55 probably will be close to the record level of this year.

The national acreage allotment for the 1954 wheat crop is 62 million acres, a fifth less than was seeded for the 1953 crop. How much wheat would be produced on such an acreage will depend largely on the weather. Assuming, however, that yields equal the 1943-52 average, output would be about 950 million bushels. The crop this year is estimated at 1,203 million; an average crop is 1,089 million.

Stocks next July 1, the beginning of the 1954-55 marketing year, are likely to be far higher than in any other year—probably around 800 million bushels. Thus, with a 950 million bushel crop, the total supply of domestic wheat for 1954-55 would be around 1,750 million bushels, about the same as the record for the current 1953-54 marketing year.

Use of wheat in the United States in 1954-55 is likely to be about the same as in other recent years—around 700 million bushels. Exports, however, are likely to be lower. The recovery of farm production in importing countries since the war ended and the large supplies in other exporting countries, has reduced the demand for U. S. wheat. Exports seem most likely to be between 200 and 300 million bushels. If they fall in the middle of this range, stocks at the end of 1954-55 would be about the same as at the beginning.

LIVESTOCK AND MEAT Cattle slaughter continues at a record rate and the seasonal advance in prices this summer was short-lived. Prices of lower grade cattle have dropped more than the higher grades.

Higher grade cattle are likely to continue to show the most price strength since slaughter supplies are expected to drop near or to the levels of a year ago. Seasonally large supplies, limited outlets for lower grade beef and weakening demand from feeders will tend to hold down prices of lower grade cattle.

Hog prices this fall, though declining seasonally, probably will stay higher than a year ago.

DAIRY PRODUCTS The milk flow in July showed much less increase over the same month last year than it did earlier in the year. Very little dairy products are being put in storage by commercial concerns and butter, cheese and nonfat dry milk continue to be sold to the Government under the price support program.

Consumers have been buying about the same quantities of dairy products this year as last, even though their income has gone up and retail prices have gone down a little.

POULTRY AND EGGS Farmers are raising 615 million chickens for flock replacement this year, according to preliminary estimates. Last year, figure was 617 million. With the rate of lay per hen likely to continue its long-time upward trend, the slight decline in chickens raised is not likely to reduce egg output in 1954 below this year.

This fall, egg production is likely to be a little higher than a year ago. The number of layers is expected to be at or above a year ago and the rate of lay higher. Prices to farmers probably will be closer to a year earlier than last spring when they averaged 10 cents or more higher.

FEEDS A near-record supply of feed concentrates was practically assured by crop conditions on August 1. The corn supply for 1952-53 probably will total a record 4.1 billion bushels but supplies of oats, barley and sorghum grain are below average. The 122 million ton total of the 4 feed grains probably will exceed use and stocks will increase again next season.

FATS AND OILS Some decline in output of food fats and oils is in prospect in the marketing year beginning October 1. The soybean crop—second largest of record—is estimated to be slightly above the 1952 output but cotton crop forecast for August 1 indicated a 3 percent drop in cottonseed output. Output of lard probably will be down more than 5 percent and butter production also is likely to be smaller.

The reduction in output is likely to be slightly more than offset by the increase in stocks expected October 1.

COTTON The cotton crop this year was estimated in August to be $3\frac{1}{2}$ percent below 1952, but stocks about doubled from August 1, 1952 to August 1, 1953.

WOOL Wool prices in world markets have risen gradually for more than a year. When the Australian auctions ended prices were up 35 to 40 percent above the March 1952 lows. A strengthening in world demand, movement of a large part of the U. S. clip under the loan program and British stockpiling were factors in the rise.

World output of wool in 1953-54 is expected to be slightly above 1952-53 and a new record. U. S. production of wool, however, probably will be about the same as the 266 million pounds last year and far below peak levels. Prices to U. S. producers have risen a little above a year earlier; probably will average a little higher for the season as a whole.

FRUITS Total output of deciduous fruits this year is likely to be about the same as in 1952 but below average, according to August 1 prospects. The apple, apricot, peach, sour cherry, plum, prune and cranberry crops are larger than last year while grape, sweet cherry and strawberry production is down. The pear crop is about unchanged. Demand by processors is likely to be strong since carryover stocks of several major items are down from last year. Prices in late September and October seem likely to average close to a year earlier.

VEGETABLES Fresh vegetable prices are likely to continue to decline as increased supplies are marketed. Total output for the summer is expected to be about 6 percent above a year earlier. Largest increases are expected for watermelons, celery, onions, snap beans, early and mid-summer cantaloups. Lower output for green peas, lettuce, eggplant and cauliflower is likely.

Potato prices have strengthened since mid-July as shipments to market slackened but are still well below a year earlier. A larger than seasonal decline in sweetpotato prices is likely as the larger crop comes to market.

TOBACCO Supplies of both Burley and flue-cured tobacco will be larger in 1953-54 than in 1952-53. Production of each crop is down but stocks are up.

For other types, supply of dark-air cured will be a little larger than last season but fire-cured, cigar filler, binder and wrapper will be smaller.

ECONOMIC ACTIVITY Consumers have been spending money in retail stores at near record rates in recent months. Their incomes are at peak levels. And they are continuing to use more credit. Spending by business and Government also are at high levels.

Despite the high rate of spending, the nation's factories have turned out more goods than have been bought. Business inventories expanded sharply in the second quarter of this year. Most of the gain was in manufacturers stocks. However, with sales at record rates, manufacturer's inventories compare with sales in about the same way as at the beginning of 1953. Retail inventories have increased more than sales, mainly because of increased stocks of cars and home appliances.

